GOVERNMENT OF INDIA
DISINVESTMENT
LOK SABHA

UNSTARRED QUESTION NO:341
ANSWERED ON:16.07.2002
DISINVESTMENT OF ITDC HOTELS
AJAY SINGH CHAUTALA;ANANTA NAYAK;AVSM, BRIG.(RETD.) KAMAKHYA PRASAD SINGH DEO;IQBAL AHMED SARADGI;SULTAN SALAHUDDIN OWAISI

Will the Minister of DISINVESTMENT be pleased to state:

(a) the total number of Hotels under ITDC as on March 31, 2001;

(b) whether the disinvestment process of India Tourism Development Corporation has again been delayed;

(c) if so, the reasons therefor;

(d) the present status of each of the Hotels of ITDC likely to be disinvested and progress of the remaining hotels;

(e) the details of the revenue earned through disinvestment of hotels so far, hotel-wise;

(f) the number of employees rendered jobless, taken voluntary retirement and retained by buyer;

(g) the steps taken by the Government to protect the interest of employees;

(h) whether the State Government which are equal partners alongwith ITDC are also keen for the disinvestment;

(i) if so, whether the State Governments are reluctant to lease out hotel lands; and

(j) the time by by which final decision for disinvestment of ITDC is likely to be taken?

Answer

MINISTER OF DISINVESTMENT AND MINISTER OF DEVELOPMENT OF NORTH EASTERN REGION (SHRI ARUN SHOURIE)

(a) As on March 31, 2001, the number of hotels owned and operated by India Tourism Development Corporation Ltd (ITDC) was 17 besides 1 incomplete hotel project at Chandigarh. ITDC is also operating 6 hotels as joint ventures with the concerned agencies/Departments of the State Governments besides 1 incomplete joint venture project at Anandpur Sahib.

(b) No, Sir.

(c) Does not arise in view of reply to (b) above.

(d) & (e) The requisite information regarding the status of all the ITDC hotel properties is given at Annexure - I.

(f) In accordance with the Share Purchase Agreements (SPA) with the purchasers of the respective properties, none of the employees on the rolls of the hotel units as on the Closing Date has been rendered jobless and all of them have been transferred to the new owners with the same terms and conditions of service enjoyed by them under the management of ITDC. All the employees of the hotel units at Bangalore, Bodhgaya, Hassan, Madurai, Mamallapuram, Agra, Udaipur and 2 hotels at New Delhi have been transferred to the new owners. The employees of the hotel units at Kovalam, Kolkata and Manali, who have not opted for Voluntary Retirement Scheme, have also been transferred to the new owners. The number of employees who have opted for VRS announced by ITDC is given at Annexure - II.

(g) Provisions for protecting the interest of employees have been made in the Lease-cum-Management Agreement/Share Purchase Agreement with the purchasers of each of the hotel units. An extract of the relevant provisions of the Lease-cum-Management Agreement/SPA is given at Annexure - III.

(h) & (i) In the case of the joint venture properties of ITDC, the respective State Governments had given the land to the joint venture companies either on concessional lease rent or on nominal consideration. The Shareholders Agreements between ITDC and the joint venture partners prohibit change in the shareholding pattern without the written consent of both the parties. The concerned State Governments have been requested to convey their consent for dispensing with the restrictive clauses in the Shareholders Agreement and for sharing the Unearned Increase in the value of the land. Response from the State Governments is awaited.

(j) Disinvestment of the hotel properties of ITDC is an ongoing process.It is not possible to indicate the time by which disinvestment of all the ITDC hotel properties would be completed.

Annexure - I

Annexure to the reply to parts (d) & (e) of the Lok Sabha Unstarred Question No. 341 for 16.07.2002 regarding `Disinvestment of ITDC Hotels` by S/Shri Iqbal Ahmed Saradgi, Ajay Singh Chautala, K.P. Singh Deo, Sultan Salahuddin Owaisi, Ananta Nayak.

(A) Cases where transactions have been completed:

S. No Hotel Purchaser Realisation (Rs.) Transaction date/ Remarks

1 Ashok Bangalore(including Airport Restaurant)(Given on 30 years` Lease-cum-Management Contract) Bharat Hotels Ltd. 4,11,00,000.00 Minimum Guaranteed Annual Payment (MGAP).39,41,15,415.00 - Upfront amount inclusive of payments to AAI. Security Deposit for 2 years; 50% of discounted MGAP for 30 years; MGAP for 4 months from Dec 2001 to March 2002 and Business Transfer Consideration for both Hotel and Airport Restaurant) 29.11.2001

2 Bodhgaya Ashok(Sold-99.97% equity) Lotus Nikko Hotels 2,01,04,813.00GOI - 1,80,94,272.88IHCL - 20,10,540.12 29.11.2001

3 Hassan Ashok(Sold-99.97% equity) Malnad Hotels and Resorts (P) Ltd. 2,52,00,000.00GOI - 2,26,23,406.45IHCL - 25,13,793.55 Hassan Municipality - Rs.62,800 29.11.2001

4 Madurai Ashok(Sold- 99.97% equity) Sangu Chakra Hotels Private Limited 5,52,51,021.00GOI - 4,93,73,728.79IHCL - 54,86,148.21 Corpn. of Madurai- 3,91,144 31.1.2002

5 TBABR, Mamallapuram(Sold-99.97% equity) G.R. Thanga Maligai (P) Limited 6,80,79,300.00GOI - 6,12,71,170.81IHCL - 68,08,129.19 1.2.2002

6 Agra Ashok(Sold- 99.97% equity) Shri Mohan Singh 4,00,53,000.00GOI - 3,53,92,672.94IHCL - 39,32,647.06 Agra Cantt Board - 7,27,680 7.2.2002

7 Laxmi Vilas Palace Hotel, Udaipur(Sold- 99.97% equity) Bharat Hotels Limited 7,52,00,000.00GOI - 6,76,79,779.97IHCL -75,20,220.03 26.02.2002

8 Qutab Hotel, New Delhi(Sold-99.97% equity) Sushil Gupta &

Consortium 35,67,54,379.00GOI - 10,98,55,893.00L&DO - 7,32,37,500.00MCD - 16,14,54,179.00IHCL - 1,22,06,807.00 20.3.2002

9 Lodhi Hotel New Delhi(Sold- 99.97% equity) Silverlink Holdings Ltd & Consortium 76,40,67,643.00GOI - 40,28,14,567.00L&DO - 30,03,83,872.00MCD - 1,61,10,575.00IHCL - 4,47,58,629.00 22.3.2002

10 Hotel Airport Ashok, Kolkata (including Airport Restaurant) (Sold- 99.97% equity) Bright Enterprises Pvt. Ltd 20,01,51,000.00GOI - 5,64,73,145.00AAI - 3,46,45,817.00Dum Dum Municipality - 94,15,040.00VRS - 9,33,42,000.00IHCL - 62,74,998.00 8.7.02

11 Kovalam Ashok Beach Resort (Sold- 99.97% equity) M. FAR Hotels Ltd. 43,68,76,000.00GOI - 29,72,69,034.00VRS - 10,65,76,000.00IHCL - 3,30,30,966.00 11.7.02

12 Manali Ashok(Sold- 99.97% equity) Auto Impex Ltd. 4,00,00,000.00GOI - 3,10,43,599.00HPSEB - 11,61,000.00VRS - 43,46,000.00IHCL - 34,49,401.00 15.7.02

(B) Decided Cases, transactions to be completed:

S. No Hotel Purchaser Realisation (Rs.)(To be received) Remarks

13 Hotel Aurangabad Ashok (including Airport Restaurant) (To be sold- 99.97% equity) Loksangam Hotels & Resorts Pvt. Ltd 17,40,42,000.00GOI - 8,15,92,835.00SCR - 5,43,42,000.00Tehsildar - 9,00,000.00VRS - 2,81,41,000.00IHCL- 90,66,165.00 Transaction to be completed shortly.

14 Khajuraho Ashok (To be sold- 99.97% equity) Bharat Hotels Ltd 2,21,00,000.00GOI - 19,83,594.00ITDC - 11,00,000.00VRS - 1,87,96,000.00IHCL - 2,20,406.00 - do -

15 Varanasi Ashok (To be sold- 99.97% equity) Ramnath Hotels (P)Ltd. 9,11,00,000.00GOI - 6,57,36,686.00VRS - 1,80,59,000.00IHCL - 73,04,314.00 - do -

S. No Hotel Purchaser Realisation (Rs.)(To be received) Remarks

16 Kanishka, New Delhi(To be sold- 99.97% equity) Nehru Place Hotels Limited 95,95,01,000.00GOI - 32,19,62,904.00L&DO - 31,62,95,626.00NBCC - 2,80,29,707.00NDMC - 12,28,05,944.00VRS - 13,46,32,000.00IHCL - 3,57,74,819.00 - do -

17 Indraprastha, New Delhi(To be sold- 99.97% equity) Moral Trading & Investment Ltd 45,03,33,333.00GOI - 14,84,04,185.00L&DO - 15,30,56,905.00NBCC - 1,45,39,099.00NDMC - 4,37,67,254.00VRS - 7,40,76,000.00IHCL - 1,64,89,890.00 - do -

18 Incomplete Chandigarh Project (To be sold-100% equity of ITDC) TAJGVK Hotels & Resorts Ltd. 17,27,20,981.00Chandigarh Administration -12,65,37,813.00ITDC - 4,61,83,168.00 Being sold as 100% subsidiary of ITDC. Transaction to be completed shortly.

Total Upfront Realisation to GOI, UT of Chandigarh, CPSUs and Statutory Bodies - Rs. 414,88,02,011.84

Legend:

AAI - Airports Authority of India - Realisation to AAI is on account of outstanding dues towards lease rent for the land of the hotel and license fee for the restaurant.

GOI - Government of India - for 89.97% (approx) shares.

HPSEB - Himachal Pradesh State Electricity Board - Realisation to HPSEB is towards outstanding dues from ITDC.

IHCL - The Indian Hotels Company Limited - for 10% (approx) shares.

ITDC - India Tourism Development Corporation Ltd - For Khajuraho Ashok, the amount is towards reimbursement for out of court settlement of land related dispute. For Incomplete Chandigarh Project, the amount is towards ITDC`s share.

L&DO - Land & Development Office (Dept. of Urban Development) - Realisation to L&DO is on account of Unearned Increase in the value of the leased land plus damage charges etc.

MCD - Municipal Corporation of Delhi - Realisation to MCD is towards outstanding property taxes/service charges due from ITDC.

NBCC - National Building Construction Corporation Ltd - Realisation to NBCC is towards outstanding dues from ITDC.

NDMC - New Delhi Municipal Council - Realisation to NDMC is towards outstanding property taxes/service charges/compounding charges etc due from ITDC.

SCR - South Central Railways - Realisation to SCR is on account of settlement of dispute on land value.

Tehsildar - Tehsildar, Aurangabad - Outstanding dues from ITDC.

VRS - Voluntary Retirement Scheme (including Gratuity) - The amounts in respect of the employees opting for VRS in each hotel unit have been taken upfront from bidders for payment to the employees by ITDC.

Other Recurring Realisations :

1. Ashok Bangalore : There will be annual realisation of Rs.2.55 crores (50% of MGAP) or an amount calculated as the difference between 16.5% of the gross turnover of the hotel and 50% of MGAP, whichever is higher.

2. Qutab Hotel, New Delhi:L&DO would receive Rs.36,61,875.00 as Annual Rent @ 2.5% of value assigned to land and interest free refundable Security Deposit of Rs.1,09,85,625.00 equivalent to 3 years rent. (The Annual Rent and corresponding Security Deposit to increase by 30% every 10 years)

3. Lodhi Hotel, New Delhi: L&DO would receive Rs.1,34,27,196.00 as Annual Rent @ 2.5% of value assigned to land and interest free refundable Security Deposit of Rs.4,02,81,588.00 equivalent to 3 years rent. (The Annual Rent and corresponding Security Deposit to increase by 30% every 10 years)

4. Hotel Airport Ashok, Kolkata: AAI will receive the following amounts:

For the Hotel :

Rs.25,96,787/- as Annual Lease Rent @ Rs.92.15 per sq mtr calculated on Built Up Area (11,440 sq mts) or 28,180 sq mts (total land), whichever is higher (Annual Lease Rent would increase by 20% every 3 years). Annual Turnover Levy @2% subject to a Minimum Guaranteed Annual Payment of Rs.14 lakhs increasing every 5 years to Rs.26 lakhs, Rs.34 lakhs, Rs.50 lakhs, Rs.71 lakhs and Rs.85 lakhs respectively. Security deposit equal to Annual Lease Rent of 6 months

For the Restaurant :

Annual Rent of Rs.30 lakhs increasing @ 10% per annum; Fixed amount of Rs.70.10 lakhs per annum for providing in-flight catering and sale of Beer at/from the Restaurant premises and Security deposit of Rs.71,40,000/- towards License fee and Electricity/water charges.

5. Hotel Kanishka, New Delhi:L&DO would receive Rs.1,56,11,983.00 as Annual Rent @ 2.5% of value assigned to land and interest free refundable Security Deposit of Rs.4,68,35,949.00 equivalent to 3 years rent. (The Annual Rent and corresponding Security Deposit to increase by 30% every 10 years).

6. Hotel Indraprastha, New Delhi:L&DO would receive Rs.76,05,275.00 as Annual Rent @ 2.5% of value assigned to land and interest free refundable Security Deposit of Rs.2,28,15,825.00 equivalent to 3 years rent. (The Annual Rent and corresponding Security Deposit to increase by 30% every 10 years).

7. Incomplete Chandigarh Project: Chandigarh Administration would receive Annual Ground Rent @ Rs.31,89,375/- for 1st 33 years, @ Rs.47,84,063/- for the next 33 years and @ Rs.63,78,750/- for the last 33 years in terms of the Chandigarh Lease Hold of Sites & Building Rules, 1973.

(C) Other hotels:

S.No.	Hotel	Remarks
19	Hotel Ranjit, New Delhi	Advertisement inviting Expressions of Interest (EOI) was issued on 5/8.2.01 for sale of 99.97% equity. The property is to be sold on the basis of current land use under the Master Plan of Delhi i.e., `local shopping`. A Committee has been formed to determine the rate at which the land value is to be computed.
20	Hotel Kalinga Ashok, Bhubaneswar	Advertisement inviting Expressions of Interest (EOI) was issued on 1.1.02 for sale of 99.97% equity. Data room study & due diligence have been completed. Concurrence of State Government to share disinvestment proceeds has been received. Further process is on.
21	Hotel Jaipur Ashok	Advertisement inviting Expressions of Interest (EOI) was issued on 1.1.02 for sale of 99.97% equity. Data room study & due diligence have been completed. Concurrence of State Government to share the disinvestment proceeds awaited.
22	Hotel Pataliputra Ashok, Patna	- do -
23	Hotel Jammu Ashok	- do -
24	Ashok Hotel, New Delhi	Advertisement inviting Expressions of Interest (EOI) was issued on 11.12.00 for transferring the hotel on lease-cum-management contract. There was no bidder after two rounds of bidding in Nov, 2001 & Jan,2002.It has been decided in March, 2002 to exclude the hotel from disinvestment transaction pending formulation of fresh proposals by Ministry of Tourism & Culture.
25	Hotel Janpath, New Delhi	Advertisement inviting Expressions of Interest (EOI) was issued on 5/8.2.01 for sale of 99.97% equity. There was no bidder when bids were invited in January 2002. It has been decided in March, 2002 to exclude the hotel from disinvestment transaction pending formulation of fresh proposals by Ministry of Tourism & Culture. Department of Tourism proposes to convert the hotel into Bharat Paryatan Bhavan.
26	Hotel Samrat, New Delhi	Advertisement inviting Expressions of Interest (EOI) was issued on 5/8.2.01 for transferring the hotel on lease-cum-management contract. Financial bids have not been invited due to security related concerns. In March 2002 it has been decided that the re-advertisement for this hotel may be issued after addressing the security related concerns in consultation with the security agencies.
27	Lalitha Mahal Palace Hotel, Mysore	Proposed to be given on lease-cum-management contract in accordance with the recommendations of Disinvestment Commission. ITDC is operating the hotel on the land & building been given on lease by the Govt. of Karnataka. The Agreement provides for termination of the lease on privatisation. Could not be taken up since the State Government has not given its concurrence for disinvestment.

(D) Joint Venture Hotels:

S.No.	Hotel	Remarks
1	Hotel Neelachal Ashok, Puri	Joint venture between ITDC (98%) and OTDC

(2%). Concurrence of State Government to share
disinvestment proceeds received. Further
process is on.
2 Hotel Ranchi Ashok, Ranchi Joint Venture between ITDC (51%)and BSTDC(49%).
Concurrence of State Govt. to share the
disinvestment proceeds awaited.
3 Hotel Lakeview Ashok, Bhopal Joint Venture between ITDC (51%) and
MPSTDC(49%). Concurrence of State Govt. to
share the disinvestment proceeds awaited.
4 Hotel Brahmaputra Ashok, Guwahati. Joint Venture between ITDC (51%) and Govt.
of Assam(49%). Concurrence of State Govt. to
share the disinvestment proceeds awaited.
5 Hotel Pondicherry Ashok, Pondicherry Joint Venture between ITDC (51%) and PIPDIC
(49%). Concurrence of State Govt. to share
the disinvestment proceeds awaited.
6 Hotel Donyi Polo Ashok, Itanagar Joint Venture between ITDC (51%) and APIDFC
(49%). Concurrence of State Govt. to share
the disinvestment proceeds awaited.
7 Hotel Punjab Ashok, Anandpur Sahib Incomplete project. Joint Venture between
ITDC (51%) and PTDC(49%). Concurrence of
State Govt. to share the disinvestment
proceeds awaited.

Annexure - II

Annexure to the reply to part (f) of the Lok Sabha Unstarred Question No. 341
for 16.07.2002 regarding `Disinvestment of ITDC Hotels` by S/Shri Iqbal Ahmed Saradgi,
Ajay Singh Chautala, K.P. Singh Deo, Sultan Salahuddin Owaisi, Ananta Nayak.

Number of employees (hotel-wise) who have opted for Voluntary Retirement Scheme announced
by ITDC in April 2002 is as under: -

S.No. Name of Hotel Total No.of employees No.of employees opted for VRS

1 Hotel Airport Ashok, Kolkata
(including Airport Restaurant) 471 166
2 Kovalam Ashok Beach Resort 361 205
3 Hotel Manali Ashok 19 6
4 Hotel Aurangabad Ashok
(including Airport Restaurant) 72 60
5 Hotel Khajuraho Ashok 40 39
6 Hotel Varanasi Ashok 114 30
7 Hotel Kanishka, New Delhi 580 302
8 Hotel Indraprastha, New Delhi 373 167
9 Hotel Ranjit, New Delhi 157 58
10 Chandigarh Project NIL NIL
11 Hotel Jaipur Ashok 108 92
12 Hotel Kalinga Ashok,Bhubaneswar 91 34
13 Hotel Pataliputra Ashok, Patna 78 72
14 Hotel Jammu Ashok 55 47

Note: Under the Scheme announced by ITDC, the employees would be given VRS only on
successful completion of the disinvestment transaction.

Annexure - III

Annexure to the reply to part (g) of the Lok Sabha Unstarred Question No. 341 for 16.07.2002 regarding `Disinvestment of ITDC Hotels` by S/Shri Iqbal Ahmed Saradgi, Ajay Singh Chautala, K.P. Singh Deo, Sultan Salahuddin Owaisi, Ananta Nayak.

Provisions relating to employees in the Lease-cum-Management Agreement/Share Purchase Agreement:

A. One of the Recitals of the Agreement reads as under:

The Purchaser/Lessee/Licensee specifically recognizes that the Government in relation to its employment policies follows certain principles for the benefit of the members of scheduled caste/scheduled tribes, physically handicapped persons and other socially disadvantaged sections of the society and the Purchaser/Lessee/Licensee has agreed that upon consummation of the transaction contemplated herein it shall use its best efforts to cause the Company to provide adequate job opportunities for such persons and shall also ensure that in the event of any reduction in the strength of the Company, the Purchaser/Lessee/Licensee shall use its best effort to ensure that the physically handicapped persons are retrenched at the end.

B. The following post-closing obligations of the purchaser/Lessee/ Licensee have been provided in the Agreements:

The Purchaser/Lessee/Licensee will cause the Company to continue to employ all the regular employees of the Unit who have been transferred to the Company on the terms and conditions that shall not be inferior to the terms and conditions as applicable to the regular employees on the date of transfer of the Unit including with respect to the voluntary retirement scheme applicable to the Company as per the guidelines of the Department of Public Enterprises, if any, and terms set out in agreements entered into by ITDC in relation to such regular employees with staff/workers unions/associations. The Purchaser/Lessee/Licensee further covenants that it shall cause the Company to ensure that:

(i) the services of the regular employees will not be interrupted.

(ii) the terms and conditions of service applicable to the regular employees will not in any way be less favourable than those applicable to them immediately on the date hereof.

(iii) It shall not retrench any of its regular employees for a period of one year from the Closing Date other than any dismissal or termination of regular employees from their employment in accordance with the applicable staff regulations and standing order of the Company or applicable law.

(iv) In the event of retrenchment of regular employees, the Company shall pay the regular employees such compensation as is required under applicable labour laws on the basis that the service of the regular employees have been continuous and uninterrupted. Provided further, that no retrenchment of a regular Employee would be undertaken unless the affected Employee is given benefits which are higher of (a) the voluntary retirement scheme applicable to the Company as per the guidelines of the Department of Public

Enterprises as of the date hereof and (b) the benefits/compensation required to be statutorily given to an employee under applicable law.

(v) The Company will only undertake dismissal or termination of the services of the employees on account of disciplinary action in accordance with the applicable staff regulations.

(vi) In respect of contract employees the terms and conditions of the relevant contracts shall be fully observed by the Company and the Purchaser/Lessee/Licensee shall keep Government and ITDC indemnified against damages, losses or claims resulting on account of the Company failing to observe any of the terms and conditions of such contracts.